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SUBJECT: SCENESETTER FOR VISIT OF ONDCP DIRECTOR WALTERS TO
LISBON

¶1. (SBU) Mr. Director:

Your visit to Portugal will be the first high-level ONDCP visit since 1998 and underscores both our interest and concern about increasing cocaine flows through Portugal into Europe. As you may know, Portugal saw a marked increase in cocaine seizures in 2005 and 2006, followed by a sharp drop in 2007. The Embassy Mission Strategic Plan includes as a goal establishing a DEA office in Lisbon to engage more fully with the Portuguese on this critical issues.

Portugal - Steadfast Ally

¶2. (SBU) Portugal, a founding member of NATO, is a steadfast ally that has consistently stood by our side over the years despite various changes in government. The President and Prime Minister -- from opposing political parties -- each regularly stress that trans-Atlantic relations are a pillar of Portuguese foreign policy and that NATO is the primary guarantor of European security.

¶3. (SBU) Portugal has provided excellent access to Portuguese air and seaports for military support operations in Iraq and Afghanistan, with over three thousand flights a year transiting Lajes Air Base in the Azores. Despite severe budgetary constraints, it is engaged internationally on numerous fronts with military personnel in Iraq, Afghanistan (where it lost two soldiers), East Timor, Kosovo, Bosnia, and Lebanon, and it is a member of the Proliferation Security Initiative, the Container Security Initiative, and the Global Initiative to Combat Nuclear Terrorism.

Political-Economic Environment

¶4. (SBU) Prime Minister Jose Socrates, 50, heads Portugal's moderate Socialist government, which assumed power in March ¶2005. The Socialists won an absolute majority of seats, which has allowed Socrates to govern from the center without coalitions and helped him implement an economic reform agenda that has required significant belt-tightening by most Portuguese. By the end of 2007, the government had succeeded in reducing the budget deficit below the EU-mandated limit of three percent, a year ahead of schedule.

¶5. (SBU) The Portuguese government was consumed by foreign policy issues and internal EU matters during its six-month

stint as EU president during the latter half of 2007. Two of Portugal's biggest accomplishments during that busy period were finalizing the EU's reform treaty (the Treaty of Lisbon), and hosting a summit of European and African leaders that agreed on a structure intended to ensure regular and vigorous interactions between the two continents.

National Counternarcotics Priorities

¶6. (SBU) In contrast to the United States, Portugal tends to view the narcotics issue primarily as a health threat and, secondarily, as a law enforcement challenge. In 2002 the Portuguese government designated the Ministry of Health as the responsible agency in charge of coordinating Portugal's drug programs. Portugal's counternarcotics action plan for 2004-2008 aims to ensure Portugal's active involvement in multilateral fora dealing with the problems of drugs and drug addiction and to develop bilateral cooperation based on the principle of shared responsibility. Specifically, the national action plan calls for Portugal to designate a framework to ensure prevention through demand reduction, dissuasion (primarily aimed at repeat drug users), and risk/harm reduction programs. It further outlines Portugal's efforts on treatment, supply reduction, and reintegration programs.

¶7. (U) Like several other European nations, Portugal has decriminalized possession of small doses of narcotics (up to 2 grams of cocaine, 1 of heroin, and 5 of hashish) for personal consumption, making it a minor "administrative offense." Administrative processes attempt to dissuade the casual drug user and establish an individual record which can negatively affect gun permit and hunting license

applications, as well as criminal background checks.

¶8. (U) Since 2005, cocaine transshipments from South America to Europe through Portugal have increased significantly. In 2005, Portugal overtook the Netherlands as the second largest interdicting nation of cocaine after Spain. According to estimates from the Lisbon-based European Drug Monitoring and Drug Addiction Center (EMCDDA), more than 12 million Europeans have used cocaine at least once in their lifetime. However, despite Portugal's increased role in the cocaine transshipment routes, Portugal's national estimates of cocaine consumption remain relatively low -- 1.6% of the population aged 15-65, according to a 2006 report from the Portuguese Institute of Drugs and Drug Addiction (IDT).

Recent Cooperation Activities

¶9. (SBU) MAOC-N: In late 2006, Maritime Analysis and Operation Center- Narcotics (MAOC-N) member states selected Portugal to host an international counternarcotics information sharing initiative, which officially opened for business in Lisbon on September 30, 2007. The MAOC, which is modeled on the U.S. Joint Interagency Task Force in Key West (JIATF), coordinates law enforcement information and resources among the participant nations (Portugal, United Kingdom, France, Spain, Italy, Netherlands, and Ireland) by sharing intelligence on narcotics shipments and by deploying the appropriate national assets to stop traffickers. Since its first group operation on April 1, 2007, the MAOC has been responsible for the seizure of 26.74 metric tons of cocaine and has prosecuted traffickers in six different member nations.

¶10. (SBU) Guinea Bissau: On December 19, Portugal hosted a conference focused on obtaining necessary financing to implement Guinea Bissau's and the UN Office on Drugs and Crime's Operation Plan in the fight against drugs. Portugal committed to support Guinea Bissau in reforming its security sector and in protecting the country against drug trafficking, organized crime, and crime more generally over the next three years. Since Portugal has historical ties with its former colony Guinea Bissau, it has contributed to

international assistance efforts by providing Portuguese-speaking police liaison officers and counternarcotics training classes. In recent meetings with Embassy officers, Ministry of Justice officials stressed that U.S. engagement was urgently required to establish basic legal infrastructure in Bissau.

¶11. (SBU) Venezuela: Portuguese policy towards Venezuela is driven primarily by concerns over the welfare of the 500,000-strong Portuguese community there. To strengthen ties, Portugal and Venezuela in 2007 signed a Memorandum of Understanding providing for increased counternarcotics collaboration between law enforcement and the establishment of a Bilateral Commission in 2008 to oversee that collaboration. Foreign Ministry contacts told us that they anticipate moving forward with the law enforcement cooperation perhaps as soon as mid-April. On the commercial side, negotiations of a new commercial agreement between Portugal and Venezuela made significant progress in late February, during the visit of the Portuguese State Secretary for Trade to Caracas. Nonetheless, the document remains unsigned and, according to press reports in Lisbon, Prime Minister Socrates will only travel to Venezuela later this month if the agreement has been finalized. Portugal expects to sell Venezuela several food products -- including milk -- worth 200 million euros, in exchange for Venezuelan oil.

Stephenson